

# ATLANTA

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## THE EUROPEAN RECOVERY PROGRAM ----- J. G. MAYTON

After World War I the shattered economy of Europe was chiefly sustained and eventually rehabilitated by loans from the United States. Immediately following World War II, the government of the United States and the governments of Europe likewise believed that the recovery of Europe from the economic and military consequences of four years of war could be accomplished in the same manner. Generous loans and grants were accordingly made by the United States to England and to several of the other countries on the continent. But when the efforts of the nations of Europe during the first two post-war years to rehabilitate their economies and to achieve a level of production as well as a standard of living equivalent to pre-war levels proved disappointing, doubt arose whether foreign loans by themselves - loans principally from the United States - would be sufficient to bring about recovery.

It should be made clear that the huge grants made by the United States following the cessation of hostilities had greatly alleviated distress in the recipient countries and had done much in providing the necessary capital goods for reconstruction; thus providing the required stimulus to agricultural and industrial production. There was a strong belief, however, in governmental and business circles, both here and abroad, that, in view of the meagre results obtained and the obstacles to political stability created by Soviet Russia, further assistance by the United States to the European countries should be based on the condition that the nations agree among themselves to a unified economic and financial program which should embody close cooperation and self help. There was also strong feeling that in such a program the United States should have a much closer direction and firmer control over the spending of loans.

On June 5, 1947, the then United States Secretary of State, General George C. Marshall, speaking before Harvard University, voiced publicly American thought on the subject. While acknowledging the continuing need of the European countries for outside assistance, he urged that the European nations get together and draw up a program of their mutual requirements for the next four years, present an inventory of their ability to meet these requirements from their own resources, and determine the amount of assistance they will require from outside.

This suggestion met with prompt response from the nations of Western Europe, and the following month (July 1947) representatives of sixteen European nations outside the Russian sphere of influence (Soviet Russia categorically declined to participate and directed her satellites to do likewise) gathered in Paris to draw up a program.

Working together with representatives from the United States, they reached the conclusion that they would need to obtain, in the four-year period, 1948-1951, a total of twenty-two billion dollars of goods from the outside. The report of the 16 nations who agreed to participate in the Program (they included Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom) was submitted to critical examination by five special committees in the United States--three appointed by the President and two committees in the Congress. These committees thoroughly checked all the aspects of the proposals and reached conclusions as to how far the United States could go in meeting the European requirements without upsetting or injuring our own economy.

Legislation to effect this program, which popularly came to be known as the Marshall Plan, or the European Recovery Program (ERP), was approved by Congress on April 3, 1948, and signed by the President the following day. The Economic Cooperation Administration (ECA), an agency specially created by the authorized legislation and set up in Washington, assumed direction of the operations at once.

Under this legislation (Title I of the Foreign Assistance Act of 1948), Congress authorized assistance in grants and loans through the year ending June 30, 1949, with the tacit understanding that if the program proved satisfactory during the first year of operation, further assistance would be furnished on much the same basis during the following three years. Thus, it was generally accepted both here and in Europe that the program envisaged a four-year period of assistance. Funds in the amount of \$5,300,000,000 were authorized and appropriated for operation through June 30, 1949. Thereafter, appropriations were to be made on a twelve-month basis.

As stated in the act authorizing this assistance, the aim of the European Recovery Program was to promote industrial and agricultural production in the participating countries; to further the restoration or maintenance of the soundness of European currencies, budgets, and finances; and to facilitate and stimulate the growth of international trade, with one another and with other countries, by appropriate measures including reduction of barriers which may hamper such trade.

How the program operates and what achievements are claimed by ECA will be presented in the next installment of this subject.

GEORGIA FOREST FACTS ----- M. D. DUNLAP

An indication of the spreading interest in our forestry program is the plan adopted by the Southern Bell Telephone Company for the sponsoring of the Georgia 4-H Forestry Program as a part of the telephone company's rural development program in Georgia.

Boys and girls in all Georgia counties, who carry 4-H forestry projects, are eligible to compete in the program. The forestry camp at Camp Wahsega, near Dahlonega, will be attended by 75 boys and girls and ten county agents. This is the first time girls have been admitted to forestry camps.

Those boys and girls who are district winners in the 4-H forestry projects will receive trips to the Georgia 4-H Congress in Atlanta in the fall. One boy and one girl, who will be selected at that Congress, will be sent to the National 4-H Congress in Chicago.

"Georgia timber prices, by kinds of timber, on April 15 of this year showed that the state averages reported have increased 2 to 10 per cent over similar figures of January 15, 1951. These increases were a continuation of the upward price trend existing in Georgia during the past year. This quarterly report is based on prevailing prices of standing timber and sawlogs as reported by sawmill operators over the state.

Increases in state average prices reported on April 15 compared with the same date of one year ago by kinds of standing timber are: pine, 40%; red oak, 36%; white oak, 31%; gum, 33%; and poplar, 41%. Corresponding increases in prices of sawlogs delivered at sawmills or local delivery points are: pine, 29%; red oak, 31%; white oak, 28%; gum, 33%; and poplar, 31%."

Kinds of timber	Average prices paid for Standing Timber in Georgia per 1,000 Bd. Ft.			Prices of sawlogs at local Delivery Points in Georgia per 1,000 Bd. Ft.		
	Apr. 15 1950	Jan. 15 1951	Apr. 15 1951	Apr. 15 1950	Jan. 15 1951	Apr. 15 1951
Pine	13.75	19.25	19.25	32.75	41.25	42.25
Red Oak	9.75	12.00	13.25	26.25	33.00	34.50
White Oak	10.50	13.00	13.75	27.50	34.25	35.25
Gum	10.00	12.75	13.25	27.75	35.50	37.00
Poplar	12.75	16.75	18.00	32.75	41.25	43.00

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\*Georgia Crop Reporting Service, University of Georgia, May 24, 1951.

#### ECONOMIC OUTLOOK ----- J. WHITNEY BUNTING

One current economic problem that appears to be worrying most businessmen in Atlanta (as well as those of the nation as a whole) is the question of what may be expected in regard to changes in business conditions after the "cease-fire" in Korea. It is a difficult question to answer and one that calls for a great deal of logical and rational thinking. Every thoughtful citizen realizes that the end of the Korean War will not and should not signify the end of the defense program. This is far from the case. One phase of the conflict between Communist ideology and the allied democracies will have been completed, rather successfully. But the bulk of our defense effort must still go forward. This nation is a long distance from full preparedness for any eventuality.

The root of the problem is the failure of the American people to understand that a period of inflation as well as a high national productivity might result in an extremely favorable condition for the Communist leaders. It has been proved in the past that the easiest way to defeat a democracy by communist forces is not on the military battle field but to attack the local economy of the democracy. A Cold War, composed of both economic and psychological actions, would give the Kremlin more advantage than they have received from the whole Korean campaign. American businessmen, therefore, must try to maintain their sound stand against the current period of inflation and production scarcity.

For the nation as a whole, the gross national productivity rose from \$295 billion last year to about \$315 billion this year. This represents a gain of approximately 7%. A further increase in our production as a nation of about the same amount can be anticipated during the next annual period. As this condition continues to exist, it

will necessarily mean, for the time being at least, more inflation, unless our governmental controls become more workable in the future than they have in the past.

Certain areas of the nation will feel this impact more forcefully than others. This is due to the fact that some regions are seeing a steady growth in local labor forces. Some of this labor force increase is undoubtedly from new workers migrating into the area. Some is growing out of the continued movement from agricultural work into industry. But there will also be the influence of longer working hours for those now part of the present labor force. All three of these influences will be felt in the Atlanta area during the next six to twelve months.

Coupled with this increase of productivity and the growth of the labor force will come increased personal incomes. Over the entire nation there has been a rather steady increase in wages and salaries. This is particularly true for those paid upon an hourly basis. It is anticipated that wages will increase in the nation about 20 to 25 billion dollars during the year. This will be true if there is no stronger action from the Wage Stabilization Board than in the past.

Many other factors continue to point toward an increasing economic strength starting with the fall months and continuing for an extended period of time. There appears to be no chance of a recession regardless of the Korean outcome. The biggest difficulty in our economy today lies in the possible failure of the American people to understand the grave consequences of a relaxation of economic controls and personal sacrifices. With the international forces that are now present, it appears extremely likely that we may outreach ourselves as far as economic strength is concerned.

SPECIAL NOTICE TO VETERANS AND EMPLOYERS OF VETERANS -----

The last opportunity to register for and pursue collegiate grade work in Business Administration and Liberal Arts is July 25, 1951. The Atlanta Division, University of Georgia, will register students for the second session of the summer session (Day and Evening) on Tuesday, July 24. Such veterans who register must be in class on Wednesday, July 25, in order to be eligible for veterans assistance from the United States Government. Please call to attention of veterans.

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